

Time Warner Communications Holdings, Inc.  
CC Docket No. 96-98  
Initial Comments  
May 16, 1996

## **ATTACHMENT 2**

# TELECOMMUNICATIONS ACT OF 1996

## INTERCONNECTION PRICING STANDARDS

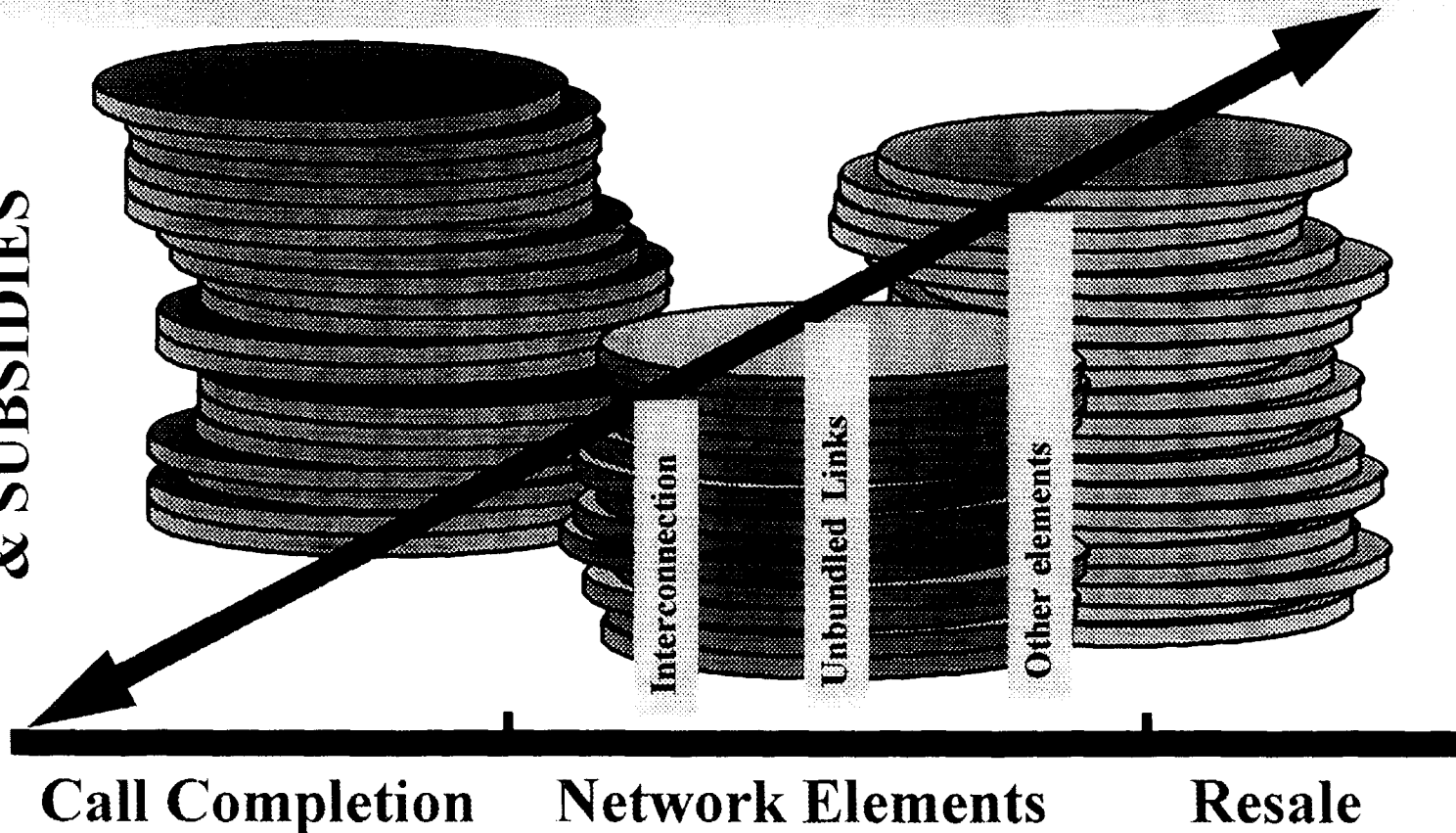
Type of Competition	Facilities/Elements Required	Statutory Reference	Pricing Standard
1. Full Facilities Based	- Transport & Termination	Section 252(d)(2)	Mutual and reciprocal recovery of costs based on the additional costs of call termination.
	- Interconnection	Section 252(d)(1)	See Item 2 below.
2. Partial Facilities Based	- Unbundled Network Elements	Section 252(d)(1)	Based on cost (determined without reference to rate of return or other rate-based proceeding), and may include a reasonable profit. See Item 1 above.
	- Interconnection	Section 252(d)(1)	
	- Transport & Termination	Section 252(d)(2)	
3. Resale	- Full Services	Section 252(d)(3)	Retail rates, excluding any marketing, billing, collection, and other costs that will be avoided by the LEC.

Time Warner Communications Holdings, Inc.  
CC Docket No. 96-98  
Initial Comments  
May 16, 1996

## **ATTACHMENT 3**

# Contributions/Reasonable Profit

OVERHEADS, PROFITS  
& SUBSIDIES



Bottlenecks

Alternatives Available



TIME WARNER COMMUNICATIONS

Time Warner Communications Holdings, Inc.  
CC Docket No. 96-98  
Initial Comments  
May 16, 1996

## **ATTACHMENT 4**

**COMPARISON OF OPERATING MARGINS  
FACILITIES-BASED VS. RESALE COMPETITION**

	<b>Facilities-Based</b>		<b>Resale (40% Discount)</b>		<b>Resale (25% Discount)</b>		<b>Resale (10% Discount)</b>	
	<b>Residential</b>	<b>Business</b>	<b>Residential</b>	<b>Business</b>	<b>Residential</b>	<b>Business</b>	<b>Residential</b>	<b>Business</b>
Revenues:								
Local Basic Exchange Rate <sup>1</sup>	\$13.80	\$23.00	\$13.80	\$23.00	\$13.80	\$23.00	\$13.80	\$23.00
Subscriber Line Charge	3.50	5.00	3.50	5.00	3.50	5.00	3.50	5.00
<b>Total Revenue</b>	<b>\$17.30</b>	<b>\$28.00</b>	<b>\$17.30</b>	<b>\$28.00</b>	<b>\$17.30</b>	<b>\$28.00</b>	<b>\$17.30</b>	<b>\$28.00</b>
Operating Expenses: <sup>2</sup>								
Interconnection Expense <sup>3</sup>	1.78	1.78	0.00	0.00	0.00	0.00	0.00	0.00
Reciprocal Compensation <sup>4</sup>	2.50	5.00	0.00	0.00	0.00	0.00	0.00	0.00
Number Portability <sup>5</sup>	5.19	10.94	0.00	0.00	0.00	0.00	0.00	0.00
Network Maintenance	2.60	2.60	0.00	0.00	0.00	0.00	0.00	0.00
Additional Pole/Conduit	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property Tax/Right of Way Fees	3.06	2.44	0.00	0.00	0.00	0.00	0.00	0.00
Wholesale Rate	0.00	0.00	8.28	13.80	10.35	17.25	12.42	20.70
Subscriber Line Charge	0.00	0.00	3.50	5.00	3.50	5.00	3.50	5.00
<b>Total Operating Expense</b>	<b>\$17.13</b>	<b>\$22.76</b>	<b>\$11.78</b>	<b>\$18.80</b>	<b>\$13.85</b>	<b>\$22.25</b>	<b>\$15.92</b>	<b>\$25.70</b>
<b>Operating Margin</b>	<b>\$ 0.17</b>	<b>\$ 5.24</b>	<b>\$ 5.52</b>	<b>\$ 9.20</b>	<b>\$ 3.45</b>	<b>\$ 5.75</b>	<b>\$ 1.38</b>	<b>\$ 2.30</b>
Non-Recurring Capital Cost <sup>6</sup>	\$ 7.91	\$ 4.29	\$0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other Non-Recurring Costs <sup>6</sup>	\$ 4.17	\$ 4.17	\$0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Operating Margin, After Fixed Costs	(\$11.91)	(\$ 3.22)	\$ 5.52	\$ 9.20	\$ 3.45	\$ 5.75	\$ 1.38	\$ 2.30

<sup>1</sup> Average Monthly Residential and Business Flat Rates

<sup>2</sup> Excludes Retail Expenses, e.g. Billing, Marketing, Customer Service, Uncollectibles

<sup>3</sup> Includes Access to Operator Services, Directory Listings, and Collocation Expenses

<sup>4</sup> Reflects difference in rate for termination at access tandem vs. end office.

<sup>5</sup> Includes Rates (Non-Recurring Charge Amortized over 3 Years) plus Lost Access Charge Revenue

<sup>6</sup> Allocated over Ten Years

CERTIFICATE OF SERVICE

I, Robert S. Childress, a secretary at the law firm of Fleischman and Walsh, L.L.P., hereby certify that a copy of the foregoing "Comments of Time Warner Communications Holdings, Inc." in CC Docket No. 96-98, was served this 16th day of May, 1996, via hand delivery, upon the following:

Chairman Reed E. Hundt  
Federal Communications Commission  
1919 M Street, N.W.  
Room 814  
Washington, D.C. 20554

Commissioner James H. Quello  
Federal Communications Commission  
1919 M Street, N.W.  
Room 802  
Washington, D.C. 20554

Commissioner Susan Ness  
Federal Communications Commission  
1919 M Street, N.W.  
Room 832  
Washington, D.C. 20554

Commissioner Rachelle B. Chong  
Federal Communications Commission  
1919 M Street, N.W.  
Room 844  
Washington, D.C. 20554

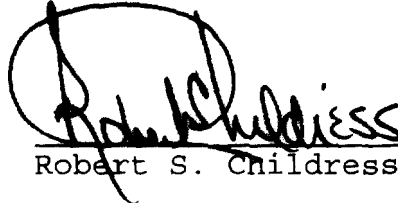
Ms. Regina Keeney  
Chief, Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 500  
Washington, D.C. 20554

Ms. Carol Matthey  
Chief, Policy and Program Planning Division  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 544  
Washington, D.C. 20554

Mr. James Schlichting  
Chief, Competitive Pricing Division  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 518  
Washington, D.C. 20554

\* Ms. Janice Myles  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 544  
Washington, D.C. 20554

International Transcription Service  
2100 M Street, N.W.  
Suite 140  
Washington, D.C. 20037

  
Robert S. Childress

\* Paper copy and read-only diskette

39422